

## Message Text

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ORIGIN EUR-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY EUR/RPE:JTMCCARTHY:CC

APPROVED BY EUR/RPE: JTMCCARTHY

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R 121910Z FEB 76

FM SECSTATE WASHDC

TO USMISSION OECD PARIS

C O N F I D E N T I A L STATE 032608

FOL REPEAT STATE 32608 SENT ACTION PARIS INFO BERN  
BONN BRUSSELS COPENHAGEN DUBLIN LISBON LONDON  
MADRID OSLO ROME STOCKHOLM THE HAGUE EC BRUSSELS  
NATO FEB 10

QTE

C O N F I D E N T I A L STATE 032608

E.O. 11652: GDS

TAGS: PFOR, EAID, PO, US, FR

SUBJECT: U.S. BILATERAL AID TO PORTUGAL

REFS: (A) PARIS 2944 NOTAL

(B) 75 STATE 297463

1. AFP TICKER ITEM WAS PROBABLY BASED ON PRESS RELEASE  
ISSUED AT LISBON JAN 29 SUMMARIZING FIRST MEETING OF U.S.-  
PORTUGUESE JOINT ECONOMIC COMMISSION. FYI: GOP FONMIN  
MELO ANTUNES FIRST SUGGESTED ESTABLISHMENT OF COMMISSION  
IN OCTOBER, 1975, AS INFORMAL JOINT BODY TO CO-ORDINATE  
U.S. BILATERAL AID PROJECTS. END FYI. PRESS RELEASE IS  
QUOTED BELOW FOR YOUR INFORMATION.

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2. QUOTE: THE FIRST MEETING OF THE JOINT PORTUGAL-

UNITED STATES ECONOMIC COMMISSION TOOK PLACE TODAY AT THE MINISTRY OF FOREIGN AFFAIRS IN LISBON. THE PORTUGUESE DELEGATION WAS HEADED BY DR. VIEIRA DE ALMEIDA AND THE UNITED STATES DELEGATION BY AMBASSADOR FRANK CARLUCCI WITH THE PARTICIPATION OF MR. ROBERT NOOTER, ASSISTANT ADMINISTRATOR OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT AND OTHER OFFICIALS FROM WASHINGTON.

THE PURPOSE OF THE DISCUSSION WAS THE CONTINUATION AND EXPANSION OF ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES WITH SPECIFIC REFERENCE TO U.S. ASSISTANCE IN PORTUGAL'S PROGRAMS OF ECONOMIC DEVELOPMENT.

THE PORTUGUESE DELEGATION DESCRIBED ITS ECONOMIC PLANS AND PRIORITIES. THE U.S. REPRESENTATIVES RESPONDED WITH A DESCRIPTION OF POSSIBLE ASSISTANCE PROGRAMS WHICH WOULD TOTAL APPROXIMATELY \$200 MILLION OVER THE NEXT 12 TO 18 MONTHS. THE MAJOR SHARE OF THESE FUNDS, SUBJECT TO THE APPROVAL OF THE U.S. CONGRESS, WOULD CONSIST OF GRANTS OR LOANS ON SOFT TERMS.

IN RESPONDING TO THE PRIORITIES OUTLINED BY THE PORTUGUESE GOVERNMENT, THE U.S. WILL GIVE SPECIAL CONSIDERATION TO ACTIVITIES FOR INCREASED EMPLOYMENT AND THOSE BENEFITTING LOWER INCOME GROUPS WITHIN PORTUGAL. SPECIFIC AREAS DISCUSSED WERE LOW-INCOME HOUSING IN WHICH THE U.S. WAS ALREADY INVOLVED, ASSISTANCE TO THE REFUGEES, FOOD AID, HEALTH, EDUCATION, AGRICULTURE, AND GENERAL PROGRAMS OF TECHNICAL EXCHANGE.

IT WAS AGREED BY BOTH SIDES THAT MORE DETAILED TECHNICAL DISCUSSIONS WOULD TAKE PLACE AS SOON AS POSSIBLE IN ORDER TO ENABLE THE RAPID FORMULATION AND IMPLEMENTATION OF SPECIFIC PROJECTS. END QUOTE.

3. APPROXIMATE \$200 MILLION FIGURE CITED IN PRESS RELEASE INCLUDES BOTH ANNOUNCED AND UNANNOUNCED FY '76, TRANSITIONAL QUARTER (TQ) AND '77 PROGRAMS (BREAKDOWN IN PARA 4 BELOW ) FOR WHICH NEGOTIATED AGREEMENTS  
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HAVE NOT RPT NOT YET BEEN SIGNED BY GOP AND USG. INCLUDED WERE ALL FY '76 ITEMS LISTED PARA 3, REF (B) EXCEPT EXIM PROJECTS AND \$20 MILLION HOUSING INVESTMENT GUARANTEE (PARA 3-F, REF B), WHICH HAS BEEN SPREAD BETWEEN FY '76 AND '77 WITH \$10 MILLION PROJECTED FOR EACH FISCAL YEAR. FY '76 AND '77 AID PROPOSALS ARE SUBJECT TO CONGRESSIONAL REVIEW AND MAY UNDERGO ADJUSTMENT.

4. FOLLOWING IS ITEMIZED BREAKDOWN OF AID DISCUSSED  
AT MEETING:

(A) FY '76: \$35 MILLION REFUGEE RELIEF GRANT  
\$19 MILLION DEVELOPMENT AND FEASIBILITY  
STUDIES LOAN  
\$ 1 MILLION TECHNICAL ASSISTANCE GRANT  
\$15 MILLION PL 480 TITLE I LOAN  
\$10 MILLION HOUSING INVESTMENT GUARANTEE  
\$30 MILLION CCC CREDITS  
TOTAL FY '76 AID -- \$110 MILLION.

(B) FY '77 AND TQ: \$42 MILLION PROJECT LOANS  
\$20 MILLION COMMODITY IMPORT LOANS  
\$ 1 MILLION LOAN FOR FEASIBILITY  
STUDIES  
\$ 2 MILLION TECHNICAL ASSISTANCE  
GRANT  
\$30 MILLION PL 480 TITLE I LOAN  
\$10 MILLION HOUSING INVESTMENT  
GUARANTEE

TOTAL FY '77 AND TQ -- \$105 MILLION.

(C) TOTAL FY '76, TQ AND '77 -- \$215 MILLION, ROUNDED  
TO \$200 MILLION FOR PRESS RELEASE APPROXIMATION.

5. IN DISCUSSIONS WITH QUAI, IT WOULD APPEAR  
REASONABLE TO INCLUDE FY '75 (\$35 MILLION), ANGOLAN  
AIRLIFT (\$7.5 MILLION) AND EXIM FIGURES (\$24 MILLION)  
FROM REF B TO PROVIDE TOTAL PICTURE OF U.S. AID  
PROVIDED AND PROJECTED FOR PORTUGAL SINCE SEPTEMBER  
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18, 1974 INSTALLATION OF PINHEIRO AZEVEDO GOVERNMENT,  
SINCE ALMOST NO DISBURSEMENTS UNDER THESE PROGRAMS  
OCCURRED PRIOR THAT DATE.

6. IN SUM, TOTAL FY '75-'77 PLANNED USG AID, NOT COUNTING  
EXIM, IS \$257.5 MILLION. COUNTING EXIM, INCLUDING THE  
MAY 1975 \$9 MILLION LOAN AND GUARANTEE AS WELL AS  
THE OCTOBER \$24 MILLION, THE TOTAL IS \$290.5 MILLION. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN RELATIONS, DATA, FOREIGN ASSISTANCE, FOREIGN ASSISTANCE PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE032608  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JTMCCARTHY:CC  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 76 PARIS 2944  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 MAR 2004 by ElyME>; APPROVED <03 AUG 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S. BILATERAL AID TO PORTUGAL  
**TAGS:** PFOR, EAID, PO, US, FR  
**To:** OECD PARIS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006